



GDI Compliance Alert: FAQs

As the Coronavirus disrupts businesses and lives, we have been fielding many of your questions. These FAQs may contain information that is helpful to you.

Hello from GDI's Client Service Team:

We'd like to begin by saying we hope that you and your families are well as we all cope with our new and temporary reality. Our teams are ready and able to assist you and your participants in these unprecedented times and thought it might be helpful to share the following FAQs:

Question 1: We are in the unfortunate situation of having to layoff and/or reduce the hours of workforce members. What are our options relating to FSA, HSA, HRA balances?

Answer: Laid off employees can elect to continue a Medical FSA, HRA and group health benefits via COBRA. Employers may choose to subsidize premiums for any/all COBRA-eligible plans. If COBRA is not elected, coverage under the applicable plan ceases as of the date of termination (or end of the month, depending upon plan design). The deadline by which former participants can submit claims ("run-out period") is based on the coverage loss date in most instances, not from the last day of the plan year. HSA contributions are not subject to COBRA and the balance is not impacted by changes in employment status or subject to a deadline to submit claims.

Question 2: We'd like to make changes to our Section 125 plan and/or HRA. Is this permissible?

Answer: The documents we provide to our clients allow the employer to make changes at any time. All changes must be prospective according to IRS regulations.

Question 3: Can my Dependent Care FSA participants make changes to their elections due to changes in day care availability, school closure, etc.?

Answer: Yes! IRS regulations permit prospective changes to DC FSAs to coincide with cost or coverage changes provided that the request for the change occurs within the notification period listed in your SPD (typically 30 days).

We were notified today that the Employers Council on Flexible Compensation (ECFC) has written to Senator Grassley (Chair of the Senate Finance Committee) proposing ways in which Congress may be able to provide assistance to employees who participate in consumer-directed health plans and DC FSAs. Assistance with COBRA premium costs is also being proposed. We will keep you posted on developments as they occur.

Be safe out there and again, please reach out to your Account Manager or any member of our Client Services team should you have any questions or require additional support.

Client Service Team
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